

#237

DPS-5371
COPY 2 OF 2

31 October 1958

Dear Dan:

Reference is made to your Document No. DPS-1650 dated 23 June 1958, and our Document No. 214 dated 3 October 1958.

Further examination of the contractor's records disclosed \$281.52 of unallowable direct charges as follows:

For the Period 1 July 1956 to 31 January 1957 - \$ 83.02

25X1A	Conference Expenses, [REDACTED] billed on Invoice No. PE-15102	\$ 27.37	25X1A
25X1A	Conference Expenses, [REDACTED] billed on Invoice No. PE-15107	48.10	25X1A
		\$ 75.47	
		7.55	
		<u>\$ 83.02</u>	

For the Period 1 February 1958 to 30 June 1958 - \$ 198.50

25X1A	Expenses for Guests, [REDACTED] billed on Invoice No. PE-15281 (Note 1)	\$ 118.00*	25X1A
		30.22	
	Excessive Mileage, [REDACTED] (Note 2)		25X1A
25X1A	Excessive Mileage, [REDACTED] (Note 3)	29.01	25X1A
		<u>\$177.23</u>	
		21.27	
		<u>\$198.50</u>	

Details of the above questioned costs are as follows:

Note 1: The expense report which contained this charge showed "3 Hycon and 4 guests." The auditor requested more information and was informed that three of the guests were the wives of the Hycon employees. The remaining two guests were a [REDACTED] and a [REDACTED].

25X1A

25X1A

not a direct charge, as may be seen against [REDACTED]

Ltr to Dan #237, 31 Oct 58 - (cont'd)

cont #1
Note 2: The expense report which contained this charge was billed on Invoice No. PE-15306. The car rental charge was \$69.08, and the Hertz receipt indicated 526 miles. Inasmuch as the employee was housed on the base, the auditor allowed 296 miles, or one round trip from San Antonio.

cont #1
Note 3: The expense report which contained this charge was billed on Invoice No. PE-15318. Car rental charges totaled \$89.40, and the Hertz receipt indicated 539 miles. On this trip the employee's lodgings were at Del Rio; therefore, having no established criterion, the auditor allowed one round trip to the town and three round trips of 18 miles each from town to base - a total of 364 miles.

In the five-month period ended 30 June 1958, [REDACTED] incurred \$1,766.81 of travel expense, including applicable G&A. Of this amount, \$20.47 has been considered unallowable by your office and \$198.50 by the auditor. The balance, \$1,487.84, is referred for the consideration of the contracting officer as to the necessity of the travel in the performance of the contract.

25X1A

[REDACTED] counterpart at Inglewood informed the auditor that travel of this nature has never been necessary for the efficient administration of his spares program which is far more complex than that at Pasadena. This has resulted in substantial savings to the Government without lessening the effectiveness of the services rendered.

For your information the auditor did not question any charges which had already been considered unallowable by your office.

Material and outside processing charges were scanned and briefly tested. No costs were questioned.

Sincerely,

Walt